

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)
Billed Party Preference)
for 0+ InterLATA Calls)

CC Docket No. 92-77 JAN 6 - 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

REPLY COMMENTS OF
CLEARTEL COMMUNICATIONS, INC.

Cleartel Communications, Inc. ("Cleartel"), by its attorneys, hereby submits its reply comments in response to the Commission's Report and Order and Request for Supplemental Comment ("Order") in the above-referenced proceeding.^{1/}

The record overwhelmingly demonstrates that operator service providers ("OSPs") should be compensated where they receive and transfer 0+ dialed proprietary card calls to the interexchange carrier ("IXC") proprietary card issuer for completion. Cleartel urges the Commission promptly to ratify the principle of OSP compensation for transfers of 0+ proprietary card calls and to mandate that such compensation be paid by IXCs which have instructed their proprietary card customers to use such cards by dialing 0+.^{2/}

^{1/} FCC 92-465 (released Nov. 6, 1992).

^{2/} See, e.g., Comments of MCI Telecommunications Corporation at 2; Comments of the Competitive Telecommunications Association ("CompTel") at 4; Comments of AMNEX, Inc. at 1-2; Comments of Phonetel Technologies, Inc. at 3; Comments of LDDS Communications, Inc. at 3.

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As Cleartel urged in its initial comments,^{3/} and as the record supports, compensable transfer service should be defined to include three specific methods: (1) provision of verbal dialing instructions to the caller; (2) reorigination where technically feasible; and (3) forwarding of the call from the OSP's switch to the card issuing IXC's switch with information permitting the receiving IXC to bill the call correctly.^{4/} It is critical that OSPs be permitted to choose from these specific transfer methods according to the particular capabilities of their network facilities and equipment. Allowing such choice will help to ensure that transfers can be accomplished in the manner least disruptive and time-consuming to callers and OSPs.^{5/} It is clearly fair and appropriate that OSPs have this flexibility, since the root cause of the costs requiring OSP compensation is AT&T's unilateral decision to instruct its CIID cardholders to use the card with 0+ dialing at all locations, notwithstanding the disruptive effect this would inevitably have in the 0+ marketplace on its cardholders and its OSP competitors.

Cleartel agrees with many other parties that in order for Commission-approved OSP compensation system to be effective, it

^{3/} On December 14, 1992, Cleartel filed initial comments jointly with International Pacific, Inc. ("IPI") and Teltrust Communications Services, Inc. ("Teltrust").

^{4/} See Comments of Cleartel/IPI/Teltrust at 7-10. See also, e.g., Comments of CompTel at 10-12; Comments of MCI at 3.

^{5/} As noted in the initial comments, the "forwarding" method, however, may require resolution of certain technical issues before it can be fully implemented. See, e.g., Comments of Cleartel/IPI/Teltrust at 9-10; Comments of AMNEX at 4.

is critical that AT&T (and any other IXC that may choose to issue 0+ dialing instructions for a proprietary calling card) be required to participate in it. Clearly, leaving compensation to the discretion of an IXC issuing a 0+ proprietary card, as Sprint's comments suggest, would not serve the interests of consumers or of interstate operator services competition.^{6/} Where OSPs transfer 0+ dialed proprietary card calls to the issuing IXC according to a Commission-approved method, considerations of equity require the issuing IXC to compensate the OSP for this valuable service. As noted repeatedly in the record, mandatory participation by the issuing IXC is essential to limiting the imposition of further costs on AT&T's OSP competitors as a result of the AT&T CIID card 0+ dialing instructions.^{7/}

Sprint has expressed concern that mandatory participation by card-issuing IXCs would provide incentives for other OSPs to urge consumers to dial 0+ for all calls "through signs and tent cards placed on or near public telephones," notwithstanding that the issuing IXC has not issued such dialing instructions.^{8/} This concern is far-fetched. Sprint appears to believe that OSPs, rather than call aggregators, place notices on aggregator

^{6/} See Sprint Comments at 1 ("Sprint opposes mandatory participation -- either by presubscribed OSPs or card-issuing IXCs -- in any such system of compensation.")

^{7/} See, e.g., CompTel Comments at 19-20; Comments of International Telecharge at 3-4.

^{8/} See Sprint Comments at 4.

telephones and would expend resources on "dial 0" posting to gain additional compensation for 0+ proprietary card traffic sent to issuing IXC's for completion. Even were this a remote possibility, it is unlikely that callers who have been issued correct dialing instructions for a proprietary card would switch to a 0+ dialing method on the basis of such posting. For example, as Sprint knows, local telephone company public telephones historically have posted 0+ dialing instructions for their calling cards and yet Sprint cardholders have managed to read and understand Sprint's instructions for use of the Sprint "FONCARD." In any event, call aggregators, which perform the posting obligations at their telephones, lack any incentives to post signs directing callers to dial 0 since, as aggregators, they would not derive revenue from transferred calls under the compensation system proposed herein. Moreover, at such time as payphone "dial-around" compensation shifts to a per call basis, aggregators will actually have a disincentive to do so.

Sprint's frivolous argument must be rejected. Mandatory participation by the card-issuing IXC is clearly necessary for any OSP compensation system to be effective. And, as discussed at the Commission's recent public forum,^{2/} the proposed OSP compensation system can effectively balance any potential concerns IXC's have about its mandatory nature through reasonable verification procedures available to transferee IXC's (e.g.,

^{2/} See Public Notice, DA 92-1634 (released Dec. 1, 1992), announcing December 8, 1992 Common Carrier Bureau public forum on OSP compensation.

through submission of calling card numbers, originating location data and other basic information on OSP invoices).^{10/}

The system of OSP compensation proposed in this proceeding will help to mitigate consumer and competitive problems resulting from AT&T's CIID card dialing instructions. As detailed in the record, substantial uncompensable operating costs have been imposed on AT&T's OSP competitors because AT&T's cardholders have followed (and continue to follow) AT&T's dial "0+" instructions for the CIID cards. To date, in response to the consumer confusion resulting from AT&T's inadequate instructions, and at considerable expense, numerous OSPs voluntarily have developed ways to transfer 0+ dialed proprietary card calls to AT&T.^{11/} As noted in the comments, the proposed compensation system in this proceeding simply would require AT&T to begin paying for a service which AT&T has been receiving free of charge from many of its competitors.^{12/} Where OSPs perform such transfers, it is only reasonable that AT&T be required to pay for the value of this service through a compensation system that serves consumer and competitive interests.

^{10/} Although Cleartel continues to believe that adoption of a 0+ "public domain" policy would better serve the public interest than any compensation scheme, consistent with the Common Carrier Bureau's discussion at the December OSP compensation public forum, Cleartel is participating in the OSP industry's ongoing efforts to develop through a "negotiated rulemaking" a workable OSP compensation system for 0+ dialed proprietary card calls, including reasonable verification procedures.

^{11/} See e.g., Sprint Comments at 2.

^{12/} See CompTel Comments at 19-20.

In sum, Cleartel reiterates its view, echoed by the vast majority of the commenters, that the Commission should expeditiously approve a transfer service as defined in its initial comments to redress the longstanding consumer and competitive problems AT&T's CIID card 0+ dialing instructions have created. Participation in this system by AT&T -- and any other IXC issuing a proprietary calling card with 0+ dialing instructions -- should be mandatory.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of January 1993,
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